Deka Marketing Sdn Bhd v Shopee Mobile Malaysia Sdn Bhd

HIGH COURT (KUALA LUMPUR) — CIVIL SUIT NO WA-22IP-35–06 OF 2020
MOHD RADZI J
30 JULY 2021

Civil Procedure — Summaryjudgment — Application for summary judgment — Claim for misuse and infringement of exclusive rights over trademark — Whether defendant raised triable issues — Whether issues raised could be determined summarily — Whether issues involved questions of facts and law — Rules of Court 2012 O 14

Civil Procedure — Disposal of case on point of law — Application for disposal of action without trial — Whether material facts disputed — Whether issues of facts were interwoven with issues of law — Whether questions of law can be determined without full trial — Rules of Court 2012 O 14A

This was the plaintiff's O 14 of the Rules of Court 2012 ('the ROC') application vide encl 7 and the defendant's O 14A of the ROC application vide encl 25. In encl 7, the plaintiff prayed for the injunctive and declaratory orders it was seeking in its main suit against the defendant to be granted summarily, citing the defendant's unmeritorious defences and that there were no issues to be tried as its main grounds of application. The main business of the plaintiff's company was the production of electrical and wiring systems bearing the plaintiff's 'DEKA' trade mark. To protect its business and trade interests, only exclusive distributors and authorised dealers appointed by the plaintiff were allowed to sell its products. The plaintiff thus regarded any form of sale or advertising to the public, any of the products bearing the DEKA trademark without its permission, would be tantamount to misuse and infringement of the plaintiff's exclusive rights over its trademark. The plaintiff, amongst others, averred that the defendant, commercially known as 'Shopee', on its own or through its act of allowing and permitting 46 resellers, utilising the Shopee platform and/or the Shopee website, had conducted businesses involving the products bearing the 'DEKA' trademark, including the advertising, distribution, publication and offer for sale of the said products, without the plaintiff's licence, permission or authorisation. In the circumstances, the plaintiff argued that the court should allow the plaintiff's summary judgment application as it had presented a plain and obvious case where the plaintiff had provided irrebuttable evidence that it was the registered proprietor of the impugned DEKA trademark. On the other hand, the defendant argued that the plaintiff's application should be dismissed as its claims were misconceived

A and that if the court were to grant the plaintiff's application, this would mean that the court was acceding to the plaintiff's legally flawed prayers, which included an injunction that would not only be limited to prohibiting the resellers in question but other present and future sellers, and permanent prohibition on the selling of goods that had the effect of restricting legitimate B trade, which was wrong in law. The defendant, in encl 25 had asked the court to exercise its powers under O 14A and/or O 33 of the ROC 2012 to determine five questions, namely: (a) whether the plaintiff had the right in law to restrict the resale of authentic products bearing the 'DEKA' mark ('Deka products') on the defendant's online marketplace ('platform'); (b) whether the advertising, C distributing, marketing and/or offering for sale of Deka products on the platform gave rise to a cause of action for trademark infringement against the persons advertising, distributing, marketing and/or offering for sale Deka products on the platform ('resellers'); (c) If the answer to (b) was in the affirmative, whether the resellers were liable to the plaintiff for trademark D infringement; (d) if the answer to (c) above was in the affirmative, could claims for trademark infringement be made against the defendant by reason of the alleged advertising, distribution, marketing and/or offering for sale of Deka products by the resellers on the platform; and (e) if the answer to (d) above was E in the affirmative, could findings of infringement be made against the defendant without the resellers being made parties to the proceedings. The defendant contended that the five questions of law that could appropriately be determined by this court pursuant to O 14A r 1(1), with the final outcome that the plaintiff's suit be dismissed pursuant to O 14A r 1(2), should the court F decide the questions in favour of the defendant.

Held, dismissing the plaintiff's application (encl 7) and the defendant's application (encl 25) with costs:

G (1) It was satisfied that the plaintiff was entitled to the judgment it was seeking as it had established a prima facie case. However, it was satisfied that the issues raised by the defendant comprised assertion, denial and dispute which did not lack in precision, were not inconsistent with undisputed contemporary documents and was not inherently improbable in itself. The issues raised by the defendant fell squarely H within the meaning of triable issues which could not be determined summarily by the court's discursive appreciation of the affidavit evidence. Further, the plaintiff's contention that it had the legitimate right to file the main action for infringement of its DEKA trademark against the defendant could only be finally determined by the court upon having the I benefit of hearing evidence from witnesses. The subject pertaining to the underlying concept of trademark protection afforded under the old Trade Marks Act 1976 and the new regime provided under the Trademarks Act 2019 and the plaintiff's articulation on the legal concept of origin and quality function of trademark, were matters that involved questions of

facts and law. It would be unjust for the court to make a final determination of the plaintiff's claims without a full trial (see paras 28 & 30–35).

(2) The facts and issues involved in the action brought against the defendant were in dispute and these facts were interwoven with the issues of law. The questions raised by the defendants in its application involved mixed questions of facts and law that could be justly determined after having the benefit of hearing the evidence of witnesses at a full trial (see paras 48–49).

[Bahasa Malaysia summary

Ini adalah permohonan A 14 Kaedah-Kaedah Mahkamah 2012 ('KKM') plaintif melalui lampiran 7 dan permohonan defendan bagi A 14A KKM melalui lampiran 25. Dalam lampiran 7, plaintif memohon untuk perintah injunksi dan deklarasi yang dimohon dalam Tindakan utamanya terhadap defendan diberikan secara terus, mengambilkira pembelaan defendan yang tidak bermerit dan bahawa tiada isu untuk dibicarakan sebagai alasan utama permohonan. Perniagaan utama syarikat plaintif ialah pengeluaran sistem elektrik dan pendawaian yang mempunyai tanda dagangan 'DEKA' milik plaintif. Untuk melindungi kepentingan perniagaan dan dagangannya, hanya pengedar eksklusif dan pengedar sah yang dilantik oleh plaintif dibenarkan menjual produknya. Oleh itu, plaintif menganggap sebarang bentuk penjualan atau pengiklanan kepada orang ramai, mana-mana produk yang mempunyai tanda dagangan DEKA tanpa kebenarannya, adalah terjumlah kepada penyalahgunaan dan pelanggaran hak eksklusif plaintif ke atas tanda dagangannya. Plaintif, antara lain, menegaskan bahawa defendan, secara komersial dikenali sebagai 'Shopee', dengan sendiri atau melalui tindakannya membenarkan dan mengizinkan 46 penjual, menggunakan platform Shopee dan/atau laman web Shopee, telah menjalankan perniagaan yang melibatkan produk yang mengandungi. tanda dagangan 'DEKA', termasuk pengiklanan, pengedaran, penerbitan dan tawaran untuk penjualan produk tersebut, tanpa lesen, kebenaran atau izin plaintif. Dalam keadaan tersebut, plaintif berhujah bahawa mahkamah harus membenarkan permohonan penghakiman ringkas plaintif kerana ia telah mengemukakan kes yang jelas dan nyata di mana plaintif telah memberikan keterangan yang tidak boleh disangkal bahawa ia adalah pemilik berdaftar tanda dagangan DEKA yang dipertikaikan. Sebaliknya, defendan menghujahkan bahawa permohonan plaintif harus ditolak kerana tuntutannya telah salah anggap dan sekiranya mahkamah membenarkan permohonan plaintif, ini bermakna mahkamah bersetuju dengan permohonan plaintif yang cacat dari segi undang-undang, termasuklah injunksi yang bukan sahaja terhad kepada melarang penjual berkenaan tetapi penjual semasa dan akan datang yang lain, dan larangan kekal ke atas penjualan barangan yang mempunyai kesan menyekat perdagangan yang sah, yang salah di sisi undang-undang. Defendan, dalam lampiran 25 telah memohon

A mahkamah menjalankan kuasanya di bawah A 14A dan/atau A 33 KKM 2012 untuk menentukan lima persoalan, iaitu: (a) sama ada plaintif mempunyai hak di sisi undang-undang untuk menyekat penjualan semula. produk tulen yang mempunyai tanda 'DEKA' ('Produk Deka') di pasaran dalam talian defendan ('platform'); (b) sama ada pengiklanan, pengedaran, pemasaran dan/atau B penawaran untuk penjualan produk Deka pada platform menimbulkan kausa tindakan bagi pelanggaran tanda dagangan terhadap orang yang mengiklan, mengedar, memasarkan dan/atau menawarkan produk Deka untuk dijual di platform ('penjual'); (c) Jika jawapan kepada (b) adalah afirmatif, sama ada penjual bertanggungjawab kepada plaintif untuk pelanggaran tanda dagangan; C (d) jika jawapan kepada (c) di atas adalah afirmatif, adakah tuntutan untuk pelanggaran tanda dagangan dapat dibuat terhadap defendan atas alasan dakwaan pengiklanan, pengedaran, pemasaran dan/atau tawaran untuk penjualan produk Deka oleh penjual pada platform; dan (e) jika jawapan kepada (d) di atas adalah afirmatif, adakah dapatan pelanggaran dapat dibuat D terhadap defendan tanpa penjual dijadikan pihak dalam prosiding itu. Defendan berpendapat bahawa lima persoalan undang-undang yang harus ditentukan dengan sewajarnya oleh mahkamah ini menurut A 14A k 1(1), dengan keputusan muktamad bahawa saman plaintif harus ditolak menurut E A 14A k 1(2), sekiranya mahkamah memutuskan persoalan yang memihak kepada defendan.

Diputuskan, menolak permohonan plaintif (lampiran 7) dan permohonan defendan (lampiran 25) dengan kos.

F (1) Ia adalah dibuktikan bahawa plaintif berhak menerima penghakiman yang dimohonnya kerana ia telah mewujudkan kes prima facie. Walau bagaimanapun, ia adalah dibuktikan bahawa isu yang dibangkitkan oleh defendan terdiri daripada penegasan, penafian dan pertikaian yang tidak kurang ketepatannya, tidak bercanggah dengan dokumen kontemporari G yang tidak dipertikaikan dan secara semula jadi tidak mustahil dengan sendirinya. Isu yang dibangkitkan oleh defendan adalah tepat dalam pengertian isu yang boleh dibicarakan yang tidak dapat ditentukan secara ringkas oleh penghayatan diskursif mahkamah terhadap keterangan afidavit. Selanjutnya, dakwaan plaintif bahawa ia mempunyai hak yang H sah untuk memfailkan tindakan utama bagi pelanggaran tanda dagangan DEKA terhadap defendan hanya boleh ditentukan oleh mahkamah apabila mendapat manfaat mendengar keterangan daripada saksi. Perkara yang berkaitan dengan konsep asas perlindungan cap dagangan yang diberikan di bawah Akta Cap Dagangan 1976 terdahulu dan rejim I baharu yang diperuntukkan di bawah Akta Cap Dagangan 2019 dan artikulasi plaintif mengenai konsep undang-undang asal usul dan fungsi kualiti cap dagangan, adalah perkara yang melibatkan persoalan mengenai fakta dan undang-undang. Ia adalah tidak adil bagi mahkamah untuk membuat dapatan muktamad tuntutan plaintif tanpa perbicaraan

penuh (lihat perenggan 28 & 30–35).

(2) Fakta-fakta dan isu-isu yang terlibat dalam tindakan yang dibawa ke atas defendan adalah dipertikaikan dan fakta-fakta ini saling berkaitan dengan isu-isu undang-undang. Persoalan yang dibangkitkan oleh defendan dalam permohonannya melibatkan persoalan bercampur fakta dan undang-undang yang boleh ditentukan secara adil selepas mendapat manfaat mendengar keterangan saksi pada perbicaraan penuh (lihat perenggan 48–49)]

Cases referred to

Acushnet Company v Metro Gold Manufacturing Sdn Bhd [2006] MLJU 412; [2006] 7 CLJ 557, HC (refd)

Arsenal Football Club plc v Reed [2003] 3 All ER 865, CA (refd)

Arsenal Football Club plc v Reed (Case C-206/01) [2003] All ER (EC) 1 (refd)

Bank Negara Malaysia v Mohd Ismail & Ors [1992] 1 MLJ 400; [1992] 2 CLJ Rep 186; [1992] 1 CLJ 653, SC (refd)

Bayerische Motorenwerke AG (BMW) v Deenik [1999] All ER (EC) 235 (refd)

Calvin Klein Inc and anor v HS International Pte Ltd and others [2016] 5 SLR 1183, HC (refd)

Cempaka Finance Bhd v Ho Lai Ying (trading as KH Trading) & Anor [2006] 2 MLJ 685; [2006] 3 CLJ 544, FC (refd)

Director of Forests, Sarawak & Anor v Racha Ak Urud @ Peter Racha Urud & Ors and Other Appeals [2017] 4 MLJ 42; [2017] 5 CLJ 389, FC (folld)

Dream Property Sdn Bhd v Atlas Housing Sdn Bhd [2008] 2 MLJ 812; [2007] 6 CLJ 741, CA (refd)

Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors [1988] 1 MLJ 188; [1989] 1 CLJ Rep 537, HC (refd)

Google France SARL and another v Louis Vuitton Mlletier SA (Joined cases C0236- 238/08) [2011] All ER (EC) 411 (refd)

Kenwood Electronics (M) Sdn Bhd and Anor v Profile Spec (M) Sdn Bhd and Others (Part 2) [2007] MLJU 94, HC (refd)

Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd [2009] 5 MLJ 703; [2012] 10 CLJ 507, HC (refd)

L'Oréal SA and others v eBay International AG and Others [2012] All ER (EC) 501 (refd)

L'Oreal SA and others v Bellure and others (Case C-487/07) [2010] All ER (EC) 28 (refd)

Mutiara Rini Sdn Bhd v The Corum View Hotel Sdn Bhd [2016] 7 MLJ 771, HC (refd)

National Company for Foreign Trade v Kayu Raya Sdn Bhd [1984] 2 MLJ 300; [1984] 1 CLJ Rep 283; [1984] 2 CLJ 220, SC (refd)

Parfums Christian Dior SA and another v Evora BV (Case C-189/95) [1997] All ER (D) 54 (refd)

Petroleum Nasional Bhd v Kerajaan Negeri Terengganu [2004] 1 MLJ 8; [2003] 4 CLJ 337, CA (folld)
Samsonite IP Holdings Sari v An Sheng Trading Pte Ltd [2017] 4 SLR 99, HC (refd)
Thein Hong Teck & Ors v Mohd Afrizan bin Husain and another appeal [2012] 2 MLJ 299; [2012] 1 CLJ 49, FC (folld)
Tiffany (NJ) Inc v eBay Inc 600F.3d 93, CA (refd)
Tohtonku Sdn Bhd v Superace (M) Sdn Bhd [1992] 2 MLJ 63; [1992] 1 CLJ Rep 344, SC (refd)
Winthorp Products Inc & Anor v Sun Ocean (M) Sdn Bhd & Anor [1988] 2 MLJ 317 (refd)

Legislation referred to

Competition Act 2010
Rules of Court 2012 O 14, O 14A, O 14A rr 1(1), 1(2), 2, 3, O 33
Trademarks Act 2005 [SG] s 27(1)
Trade Marks Act 1976 (repealed by Trademarks Act 2019)
Trademarks Act 2019 ss 54, 54(1), (1)(a), 54(3), 55
Trademarks Regulations 2019

YC Pang (Adrian Ng Chen Yip with him) (YC Pang, Chong & Gordon) for the plaintiff.
Shanti Mogan (Lilien Wong and Yiew De Quan with her) (Shearn Delamore & Co) for the defendant.

Mohd Radzi J:

BACKGROUND

[1] This court had dismissed the plaintiff's O 14 and the defendant's O 14A applications. Aggrieved, both the plaintiff and the defendant filed this appeal. This grounds would apply to both appeals.

PLAINTIFF'S ENCL 7

[2] In encl 7, the plaintiff prayed for the injunctive and declaratory orders it is seeking in its main suit against the defendant to be granted summarily under O 14 of the Rules of Court 2012 ('the ROC'), citing the defendant's unmeritorious defences and that there exist no issues to be tried as its main grounds of the application.

[3] I shall briefly state the plaintiff's case and the defendant's defence.

[4] The main business of the plaintiff's company since its establishment in 2009 is the production of electrical and wiring systems which include the

manufacturing of ceiling, wall and table fans and water heater bearing the plaintiff's 'DEKA' trade mark. That 'DEKA' trademark registration no 09016273 has been in effect since 17 September 2009, and has since been renewed until 17 September 2029.

[5] The plaintiff's affidavit in support of its application ('AIS') deposed by its managing director Allan Lee Tuck Wah on 18 September 2020 averred that to protect its business and trade interests, only exclusive distributors and authorised dealers appointed by the plaintiff are allowed to sell its products. The plaintiff thus regards any form of sale or advertising to the public, any of the products bearing the DEKA trademark without its permission, would tantamount to misuse and infringement of the plaintiff's exclusive rights over its trademark.

[6] The plaintiff averred that the defendant, commercially known as 'Shopee', on its own or through its act of allowing and permitting 46 resellers with usernames as enumerated in para 20.1 of the AIS, utilising the Shopee platform and/or the Shopee website, had conducted businesses involving the products bearing the 'DEKA' trademark, including the advertising, distribution, publication and offer for sale of the said products, without the plaintiff's licence, permission or authorization.

[7] The plaintiff further averred that the payments by the purchasers of the plaintiff's infringing products were made directly to the defendant, with selling price of the said plaintiff's products offered by the defendant or its permitted sellers in the defendant's Shopee platform and its website at a much lower price point than the retail price that was set by the plaintiff for its exclusive distributors and authorised dealers.

[8] The plaintiff further contends that the nature of its products, being home electrical appliances, warrants strict and stringent quality control to ensure the products' safety when use by the end-purchasers.

[9] Based on the defendant's terms of service, the plaintiff stated that the defendant has ultimate control and direct supervision over the sellers and plays active role in the business transactions between the sellers and the buyers using the defendant's Shopee platform and/or website. It is entirely the defendant's responsibility to ensure that any products offered for sale on its platform shall comply with the defendant's own intellectual property rights terms and conditions. That condition had not been complied with by the defendant.

[10] Despite the plaintiff's numerous notices and complaints, as enumerated in para 30.6 of the AIS, the defendant continues to infringe the plaintiff's trademark.

[11] The plaintiff contends that as a registered trademark owner of the impugned products bearing the DEKA trademark, it not merely possesses the right to commence a trademark infringement proceeding involving counterfeit goods. It has the legal right to proceed actions against parties who have used its registered trademark without its license, authority and consent. Aside from that, it also has the right to uphold its exclusive rights over the trademark to maintain and protect the intrinsic values and distinctiveness of the DEKA trademark.

[12] In its affidavit in reply deposed by Mok Wei Kean on 23 October 2020, the defendant claimed that being an online marketplace platform, it does not carry out distribution or retail marketing of electrical or household products. The defendant sets out unequivocally its case that it is not the plaintiff's competitor in respect of the plaintiff's products bearing the 'DEKA' trademark.

[13] It is the defendant's argument that the plaintiff, despite being the registered owner of the 'DEKA' trademark, does not have any right to prevent any seller who trades the plaintiff's products by accurately describing the product by its brand name and that no one is prohibited from reselling the plaintiff's products once those products are sold and the title of the goods passed to the said seller/reseller. Thus, the plaintiff's claims that its products are being sold on the defendant's Shopee platform and website without the defendant's prior permission and authorization was without legal basis.

[14] The defendant also averred that the plaintiffs claims give rise to concerns under the Competition Act 2010 which, inter alia, prohibits agreements that restricts re-selling and have as its object or effect of preventing, restricting or distorting competition in the market, and prohibits an enterprise in any conduct which amounts to an abuse of dominant position in any market for goods or services.

[15] It is the defendant's further averments that:

(a) the third party sellers using its Shopee platform are independent with no contractual or business associations with the defendant;

(b) the defendant is neither the agent nor representative of these sellers;

(c) the defendant does not advertise, publish, sell or make offers for the sale of products listed by the sellers which include the alleged infringing products of the plaintiff. Instead those sellers, who owns accounts on the defendant's platform, were the party that upload listings and placed the said products for sale on the defendant's platform. All transactions pertaining to the said products would be directly between the said sellers and the buyers, and the purchased products would be shipped to the end-purchasers by the said sellers directly;

(d) the defendant's terms of service strictly prohibit sellers from listing for sale any counterfeit products or items that infringe the trademarks of any party;

(e) the plaintiff's products placed for sale by the said sellers on the defendant's platform does not in any manner infringed the plaintiff's DEKA trademark;

(f) even if those products were to have infringed the plaintiff's trademark, it would be the said sellers and not the defendant that should be held accountable; and

(g) if anything, the plaintiff's claim hinges on a contractual matter pertaining to authorisation, which the plaintiff should deal with its own authorised dealers or exclusive distributors or those sellers, and not the defendant.

[16] Besides citing the trite principles governing an O 14 application as laid down by the Federal Court in its oft-cited decision of *Cempaka Finance Bhd v Ho Lai Ying (trading as KH Trading) & Anor* [2006] 2 MLJ 685; [2006] 3 CLJ 544, the plaintiff's counsel submitted that this court should be hasty in allowing the plaintiff's summary judgement application as it has presented a plain and obvious case where the plaintiff has provided an irrebuttable evidence that it is the registered proprietor of the impugned DEKA trademark, see High Court decisions in *Fabrique Ebel Societe Anonyme v Syarikat Perniagaan Tukang Jam City Port & Ors* [1988] 1 MLJ 188; [1989] 1 CLJ Rep 537, *Acushnet Company v Metro Gold Manufacturing Sdn Bhd* [2006] MLJU 412; [2006] 7 CLJ 557 and *Mutiara Rini Sdn Bhd v The Corum View Hotel Sdn Bhd* [2016] 7 MLJ 771.

[17] The plaintiff's counsel submitted at length on the differences between the underlying concept of trademark protection afforded under the old Trade Marks Act 1976 and the new regime provided under the Trademarks Act 2019. He went on to articulate on the Segal concept of Origin and Quality Function of trademark by making reference to numerous oft-cited authorities decided prior to the coming into effect of the Trademarks Act 2019 (see, for example *Leo Pharmaceutical Products Ltd A/S (Lovens kemiske Fabrik Produktionsaktieselskab) v Kotra Pharma (M) Sdn Bhd* [2009] 5 MLJ 703; [2012] 10 CLJ 507; and *Tohtonku Sdn Bhd v Superace (M) Sdn Bhd* [1992] 2 MLJ 63; [1992] 1 CLJ Rep 344). Having referred to the UK's Court of Appeal case of *Arsenal Football Club plc v Reed* [2003] 3 All ER 865, and the decision of the Court of Justice of the European Communities in *Arsenal Football Club plc v Reed (Case C-206/01)* [2003] All ER (EC) 1**,** which had been consistently followed by many subsequent cases (see *L'Oreal SA and others v Bellure and others (Case C-487/07)* [2010] All ER (EC) 28; *Google France SARL and another v Louis Vuitton Mlletier SA (Joined cases C0236-*

A *238/08)* [2011] All ER (EC) 411), the plaintiff's counsel submitted that the origin and quality function of trademark is considered aas the essential function of a trademark which seeks to ensure that consumers are not confused or misled by the existence of identical or similar marks for identical or similar products.

B

[18] That proposition, submitted the plaintiff's counsel has changed with the development that has taken place in the modern world, which has expanded that original or primary essential function to include advertising and goodwill, which underpins the Trademarks Act 2019, having recognised C trademark as property, and thus to afford the plaintiff a trademark protection against the defendant would not require the plaintiff to proof likelihood of confusion on the part of the public.

D **[19]** The plaintiff's counsel argued that this court must allow the plaintiff's O 14 application as it has fulfilled the requirement of s 54 of the Trademarks Act 2019 in that the defendant has used a sign which is identical with the plaintiffs DEKA trademark in relation to goods offered in the course of the defendant's trade which is identical to the plaintiff's goods for which that E trademark was registered without the plaintiff's consent. He went on at length to explain the meaning and significance of the words 'use' and 'sign' found in the Trademarks Act 2019, the Trademarks Regulations 2019 and the WIPO's Joint Recommendation in 2001 which addresses the trademarks uses on the internet, internet auction sites, and in the virtual world.

F

[20] In essence, the plaintiff's counsel submitted that this court no longer is restricted to the tests under the old Trade Marks Act 1976 of 'whether the use of the allegedly infringing sign is likely to be taken as importing a reference to G the registered proprietor or the registered user or to their goods or services', but instead to adopt different tests and may include 'whether the use of the allegedly infringing signs is liable to affect the functions of the registered trade mark'.

H **[21]** The Singapore High Court in *Calvin Klein Inc and anor v HS International Pte Ltd and others* [2016] 5 SLR 1183 has laid down that one of the requirements for infringement under s 27(1) of Singapore's Trademarks Act 2005 (in pari materia with s 54(1) of our Trademarks Act 2019) is the identity between the sign and the trade mark, and the goods and services ('double I identity'), both of which has been shown by the plaintiff,

[22] The plaintiff's counsel further argued that this court should grant the plaintiff's application under O 14 of the ROC based on the plaintiff's responses to the defendant's claims stating, among others, that:

(a) the defendant has misconceived the plaintiff's cause of action in particular to the extent of the plaintiff's exclusive rights as a registered proprietor over its DEKA trademark. This is premised, among others, on the fact that plaintiff's claims was initiated to preserve the plaintiff's exclusive rights over the DEKA trademark, and aimed at the use of that trademark for sale, advertising and such without the consent, license and authority of the plaintiff;

(b) the defendant's claims regarding Competition Law is baseless as the plaintiff's trademark and rights conferred to the plaintiff therewith cannot be characterised as a subject under the Competition Act 2010; and

(c) the defendant's active role and involvement as an online marketplace operator which entails, among others, optimising the presentation of the plaintiff's products and make them liable for the offers for sale in question or promoting them, would properly characterise the activities of the defendant's business therein. Those actions of the defendant which was without the plaintiff's permission, license, consent or authority would make the defendant liable for trademark infringement (see *L'Oréal SA and others v eBay International AG and others* [2012] All ER (EC) 501; *Calvin Klein Inc and Anor*).

[23] The defendant's counsel argued that the plaintiff's application should be dismissed as its claims were misconceived on the following reasons:

(a) the plaintiff itself runs a flagship store on Lazada, another online marketplace equivalent to the defendant's Shopee, where the plaintiff itself — not Lazada — that is selling or offering to sell the plaintiff's products;

(b) no law that prohibits the reselling of products that has been purchased without having to get prior consent or authorisation from the brand owner, as the title of the goods has passed to third parties;

(c) the plaintiff's complaints that those 46 resellers should not be selling the plaintiff's products bearing the trademarked 'DEKA' as they are unauthorised dealers/distributors should be made against the said authorised dealers/distributors, which would entail a separate claim involving the plaintiff, the 46 resellers and the authorised dealers/distributors. This would be an issue that cannot be resolved through this current summary judgment application. The defendant's counsel submitted at great length on this issue by making reference, inter alia, to s 54(1)(a) and s 54(3), and the decisions in *Kenwood Electronics (M) Sdn Bhd and Anor v Profile Spec (M) Sdn Bhd and Others (Part 2)* [2007] MLJU 94; *Winthorp Products Inc & Anor v Sun Ocean (M) Sdn Bhd & Anor* [1988] 2 MLJ 317; *Tiffany (NJ) Inc v eBay Inc* 600F.3d

93*Parfums Christian Dior SA and another v Evora BV (Case C-189/95)* [1997] All ER (D) 54; *L'Oréal SA and others v eBay International AG and others* [2012] All ER (EC) 501; *Bayerische Motorenwerke AG (BMW) v Deenik* [1999] All ER (EC) 235; *Samsonite IP Holdings Sari v An Sheng Trading Pte Ltd* [2017] 4 SLR 99; and

(d) the defendant merely provides the platform enabling the third party sellers to put their goods for sale and for buyers to purchase them. The buyers will liaise with the sellers directly, not with the defendant. Thus, the defendant does not advertise, publish, sell, make offers of the plaintiff's products listed in the Shopee platform for sale by those 46 resellers.

[24] The defendant's counsel further submitted that this court cannot grant the plaintiff's summary judgment application as doing so would mean the court is acceding to the plaintiff's legally flawed prayers, which include an injunction that will not only be limited to prohibiting the resellers in question but other present and future sellers, and permanent prohibition on the selling of goods that has the effect of restricting legitimate trade, which is wrong in law.

FINDING

[25] It is well established and already settled law that once an O 14 application is demonstrated to be correctly and properly filed, the burden shifts and thus rests on the other party who seeks to resist the application to raise a defence which shows a 'bona fide triable issue', in the sense of an issue which justifies and warrants the matter to be considered at the trial proper,

[26] This is entirely in keeping with the requirements of O 14 r 3 of the ROC 2012, which essentially means that unless the defendant satisfies the court with respect to the claim, or part of a claim, to which the application relates that:

(a) there is an issue or question in dispute which ought to be tried; or

(b) there ought for some other reason to be a trial of that claim or part,

this court may give such judgment for the plaintiff on that claim or part as may be just having regard to the nature of the remedy or relied claimed. This is in keeping with the principle laid down by the former Supreme Court in its oft-quoted decision of *National Company for Foreign Trade v Kayu Raya Sdn Bhd* [1984] 2 MLJ 300; [1984] 1 CLJ Rep 283; [1984] 2 CLJ 220 where it was decided:

> We think it appropriate to remind ourselves once again that in every application under O 14, the first considerations are:

(1) whether the case comes within the Order; and

(2) whether the plaintiff has satisfied the preliminary requirements for proceeding under O 14. For the purposes of an application under O 14, the preliminary requirements are:

(i) the defendant must have entered an appearance;

(ii) the statement of claim must have been served on the defendant; and

(iii) the affidavit in support of the application must comply with the requirements of r 2 of the O14.

... If the plaintiff fails to satisfy either of these considerations, the summons may be dismissed. If however, these considerations are satisfied, the plaintiff will have established a prima facie case and he becomes entitled to judgment. The burden then shifts to the defendant to satisfy the court why judgment should not be given against him.

[27] The proposition in *National Company for Foreign Trade* was reaffirmed and elaborated further in another judgment of the former Supreme Court in *Bank Negara Malaysia v Mohd Ismail & Ors* [1992] 1 MLJ 400; [1992] 2 CLJ Rep 186; [1992] 1 CLJ 653 where it was held that upon having satisfied that the O 14 applicant has fulfilled the preliminary requirements, the court should then turn its focus on the respondent to examine, through the affidavit evidence, that the respondent's defence has not only raised an issue, but also that the said issue is triable. The Supreme Court elucidated that the determination of whether an issue is or is not triable depends on the facts or the law arising from each case as disclosed in the affidavit evidence before the court. There is no necessity for a complete defence be shown. Instead, the defence need only show that there is a triable issue. What exactly is 'triable issue' within the context of an O 14 application? The court went on further to hold:

Under an O 14 application, the duty of a judge does not end as soon as a fact is asserted by one party, and denied or disputed by the other in an affidavit. Where such assertion, denial or dispute is equivocal, or lacking in precision or is inconsistent with undisputed contemporary documents or other statements made by the same deponent, or is inherently improbable in itself, then, the judge has a duty to reject such assertion or denial, thereby rendering the issue not triable. Unless this principle is adhered to, a judge is in no position to exercise his discretion judicially in an O 14 application.

[28] Applying those authorities, I am satisfied that the plaintiff was entitled to the judgement it was seeking as it has established a prima facie case when:

(a) its statement of claim has been served on the defendant;

(b) the defendant has entered its appearance; and

(c) the affidavit in support of the application complied with the

A requirements of O 14 r 2 of the ROC 2012.

[29] The burden then shifted to the defendant to satisfy the court why judgment should not be given against it. At this point this court has to be satisfied on affidavit evidence that the defence has not merely raised an issue, but triable issue. How do I determine whether an issue raised by the defendant is or is not triable? The authorities that I had cited clearly instructed me to make such determination based on the facts or the law arising in this case as disclosed in the affidavit evidence before this court.

[30] I was satisfied that the issues raised by the defendant based on its affidavit, and as I had enumerated briefly in the preceding paragraphs, comprised assertion, denial and dispute which do not lack in precision, not inconsistent with undisputed contemporary documents or other statements made by the same deponent, and is not inherently improbable in itself.

[31] I concluded that the issues raised by the defendant which inciude:

(a) that being an online marketplace platform, the defendant does not carry out distribution or retail marketing of electrical or household products;

(b) despite being the registered owner of the 'DEKA' trademark, the plaintiff does not have any right to prevent any seller who trades the plaintiff's products by accurately describing the product by its brand name;

(c) no one is prohibited from reselling the plaintiff's products once those products are sold and the title of the goods passed to the said seller/reseller;

(d) the plaintiff's claims against the defendant instead gave rise to concerns under the Competition Act 2010;

(e) the third party sellers using the impugned Shopee platform are independent with no contractual or business associations with the defendant;

(f) the defendant does not advertise, publish, sell or make offers for the sale of products listed on its Shopee marketplace; and

(g) the plaintiff's products placed for sale by the said sellers on the defendant's platform does not in any manner infringed the plaintiff's DEKA trademark. Even if it does, the quarrels should be between the plaintiff, the resellers and the plaintiff's so-called authorised dealers/exclusive distributors,

fell squarely within the meaning of triable issues as explained in *Bank Negara Malaysia v Mohd Ismail & Ors*.

[32] Not only I found the issues raised by the defendant being triable, I was also satisfied that the issues raised by the plaintiff in support of its application herein are triable issues that cannot be determined summarily by this court's discursive appreciation of the affidavit evidence.

[33] It is my finding that the plaintiff's contention that it has the legitimate right to file the main action for infringement of its DEKA trademark against the defendant:

(a) to protect the plaintiff's trademark, and its business and trade interests; and

(b) due to the defendant's use of the Shopee platform (including the defendant's act of permitting the resellers to trade on its Shopee platform) to market the defendant's products bearing the DEKA trademark without the plaintiff's authorisation as only exclusive distributors and authorised dealers appointed by the plaintiff are allowed to sell its products,

are issues that can only be finally determined by this court upon having the benefit of hearing evidence from witnesses.

[34] It is my finding further that the subject pertaining to the underlying concept of trademark protection afforded under the old Trade Marks Act 1976 and the new regime provided under the Trademarks Act 2019, and the plaintiff's counsel's articulation on the legal concept of origin and quality function of trademark, that were discussed at length in the written submissions of counsels of both parties are matters that involve questions of facts and law, that should be canvassed by the counsels during submissions at the end of a full trial, for the purpose of completeness of their arguments on the issues raised in the pleadings.

[35] Having considered the evidence before me in the affidavits of both parties, I was satisfied beyond doubt that it would be unjust for this court to make a final determination of the plaintiff's claims without having the benefit of hearing evidence from witnesses, including evidence and/or reports of expert witnesses, and access to documentary evidence at a full trial. I would not be able to make the final determination sought by the plaintiff merely by relying on the evidence in the affidavits.

[36] Based on the above considerations, I dismissed the plaintiff's encl 7 with costs of RM10,000.

A DEFENDANT'S ENCL 25

[37] In encl 25 the defendant asked this court to exercise its powers under O 14A and/or O 33 of the ROC 2012 to determine the following five questions:

B

(a) whether the plaintiff has the right in law to restrict the resale of authentic products bearing the 'DEKA' mark ('Deka Products') on the defendant's online marketplace (www.shopee.com.my) ('platform')?

C

(b) whether the advertising, distributing, marketing and/or offering for sale of Deka Products on the platform gives rise to a cause of action for trademark infringement against the persons advertising, distributing, marketing and/or offering for sale Deka Products on the platform ('resellers')

D

(c) if the answer to (b) above is in the affirmative, whether the resellers are liable to the plaintiff for trademark infringement?

(d) if the answer to (c) above is in the affirmative, can claims for trademark infringement be made against the defendant by reason of the alleged advertising, distribution, marketing and/or offering for sale of Deka Products by the resellers on the platform?

E

(e) if the answer to (d) above is in the affirmative, can findings of infringement be made against the defendant without the resellers being made parties to the proceedings?

F

[38] The defendant contended that those are five questions of law that could appropriately be determined by this court pursuant to O 14A r 1(1), with the final outcome that the plaintiff's suit be dismissed pursuant to O 14A r 1(2), should this court decides these questions in favour of the defendant.

G

[39] As for the first question, it is the defendant's position that the answer is in the negative simply because once the plaintiff's product is sold, title to that product is passed to the purchaser who would then is at liberty to do anything he wishes to that product including to resell the product to anyone.

H

[40] On the second question, the defendant's counsel mirrored its submission in opposing the plaintiff's O 14 application in that ss 54 and s 55 of our Trademarks Act 2019 do not prohibit the act of reselling as per the facts here, and that the act of reselling does not fall under the ambit of trademark infringement as provided under the law. The defendant's counsel submitted at great length on this issue by making reference, inter alia, to the decisions in *Kenwood Electronics (M) Sdn Bhd and Anor*; *Winthorp Products Inc & Anor*; *Tiffany (NJ) Inc v eBay Inc*; *Parfums Christian Dior SA*; *L'Oreal SA v eBay International AG and Others*; *Bayerische Motorenwerke AG (BMW)* and

I

Samsonite IP Holdings Sari to support its contention that the defendant merely provides the Shopee platform to enable the third party sellers to put their goods for sale and for buyers to purchase them. The buyers will liaise with the sellers directly, not with the defendant. Thus, the defendant does not advertise, publish, sell, make offers of the plaintiff's products listed in the Shopee platform for sale by those 46 resellers. Based on the above, the defendant argued that this court must also answer the second question in the negative. Consequentially, the third and fourth questions must also be answered in the negative.

[41] As the plaintiff's claims against the defendant are premised on the actions of the 46 resellers whom had been alleged to have conducted the sale of the plaintiff's products without the plaintiff's permission and authority, this court cannot make any ruling affecting these 46 sellers without them be given opportunity to be heard. It follows therefore, the answer to the fifth question is in the affirmative in that this court cannot make any finding of infringement against the defendant without these resellers being made parties to the proceedings.

[42] The plaintiff's counsel submitted, correctly, that an O 14A application is only limited to purely questions of law or construction of any document, and cannot be resorted to determine questions of fact which must be concluded after a full trial.

[43] The plaintiff's counsel argued that all the questions framed by the defendant in its application must be answered in the affirmative and as such the defendant's encl 25 shall be dismissed.

FINDINGS

[44] The principles governing an application under O 14A and O 33 of the ROC 2012 have been laid down in a plethora of authorities. The Federal Court in *Thein Hong Teck & Ors v Mohd Afrizan bin Husain and another appeal* [2012] 2 MLJ 299; [2012] 1 CLJ 49, citing with approval the case of *Dream Property Sdn Bhd v Atlas Housing Sdn Bhd* [2008] 2 MLJ 812; [2007] 6 CLJ 741 held that O 14A can be resorted to in disposing a case when the following requirements are met:

(a) there is no dispute between the parties as to the relevant facts;

(b) the court, from its scrutiny of the pleadings, concludes that the material facts are not in dispute; and

(c) the issues of fact are not interwoven with the issues of law.

[45] In *Director of Forests, Sarawak & Anor v Racha Ak Urud @ Peter Racha*

Urud & Ors and Other Appeals [2017] 4 MLJ 42; [2017] 5 CLJ 389, the Federal Court laid down the test in determining whether the question of law or construction was suitable to be determined and disposed of under O 14A and/or O 33 in the following words:

> [35] On the applicability and the approach to be taken by the court in exercising its powers and discretion under O 14A, we refer to the commentary on O 14A appearing in the Malaysian Court Practice (Practitioner Edition), a publication of the Malayan Law Journal at pp 125–127 which reads as follows:
>
> [14A. 1.3.] Suitable question of law or construction
>
> The question of law or construction must be suitable to be determined without the full trial of the action. The test of whether the question of law or construction is 'suitable' to be determined under this order is whether all the necessary and material facts relating to the subject matter of the question have been duly proved or admitted, and this postulates that there is no dispute or no further dispute as to the relevant facts at the time when the court proceeds to determine the question. The suitability of disposing of an action under this order depends entirely on whether the court can determine the question of law raised without a full trial of the action. For example see *Manganmal Jhamatmal Lalwani v NE Vickerama* [2001] 1 SLR 90 (where the plaintiff made an application for a ruling on the preliminary issue as to whether there was an issue estoppel) ...

[46] In essence, the Federal Court held that the test in determining whether the question of law or construction was suitable to be determined and disposed of under O 14A are:

(a) whether all the necessary and material facts relating to the subject matter of the question have been duly proved or admitted;

(b) that there exist no dispute or further dispute as to the relevant facts at the time when the court proceeds to determine the questions posed; and

(c) the answer whether or not it is suitable for disposing an action under O 14A is whether the court can determine those questions of law raised without a full trial of the action.

[47] It would be an error for me to disallow the defendant's application under O 14A only grounded on reasons that I found the questions of law raised are complicated. Neither could I make a finding simply by skimping through the pleadings of parties and the submissions. What I must do, which I did here, is to identify and make a proper appraisal of the material facts. I must then be satisfied that these material facts were obviously undisputed or which should not have been disputed to enable me to appreciate the facts and magnitude of the plaintiff's case better. Only by having such appraisal would I be able to consider the defendant's application adequately, completely and sustainably. Only then would the exercise of my discretion, or otherwise, under O 14A is

correct. This is the instructive principle laid down by the Court of Appeal in *Petroleum Nasional Bhd v Kerajaan Negeri Terengganu* [2004] 1 MLJ 8; [2003] 4 CLJ 337. I had done precisely that. I have appraised myself with the facts and magnitude of the plaintiff's case and the defendant's defence.

[48] I further found that the defendant had not met the requirements laid down by the Federal Court in *Thein Hock Teck* and the did not fulfill the tests as laid out in *Director of Forests, Sarawak & Anor v Racha Ak Urud @ Peter Racha Urud*, in that the facts and issues involved in the action brought against the defendant were in dispute. And these facts were interwoven with the issues of law.

[49] With those findings, I concluded that the questions raised by the defendants in its application involved mixed questions of facts and law that could be justly determined after this court having the benefit of hearing evidence of witnesses at a full trial.

[50] It follows therefore that the defendant's application must be dismissed. So I ordered, with costs of RM10,000.

Plaintiff's summary judgment application (encl 7) dismissed with costs; defendant's application for disposal of case on point of law (encl 25) dismissed with costs.

Reported by Kahvita Selvaju